



# Department of Justice

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## **SIXTH INDIVIDUAL CHARGED IN NORTHERN VIRGINIA REAL ESTATE AUCTION BID RIGGING INVESTIGATION**

WASHINGTON, D.C. -- A northern Virginia man was charged today with participating in a criminal bid rigging scheme at residential real estate auctions in northern Virginia, the Department of Justice said. He is the sixth person to be charged in the Department's ongoing antitrust investigation into foreclosure auction bid rigging in northern Virginia.

The Department's Antitrust Division charged that G. Frank Stinnett, of Vienna, conspired with a group of real estate speculators who agreed not to bid competitively against each other at certain real estate foreclosure auctions in northern Virginia. Their agreement allowed them to buy real estate for low, noncompetitive prices.

Stinnett participated in the conspiracy from February 1987 until April 1993, the Department charged. After the conspirators' designated bidder bought a property at a public auction, they would meet secretly to hold a second auction where each conspirator bid the amount, or "premium," above the public auction price he or she was willing to pay. The conspirator who bid the highest premium won the property. That premium amount was the group's illicit profit, and it was divided among the conspirators in payoffs made later.

The charge against Stinnett follows guilty pleas entered into on the same charge last year by Alexander C. Giap of McLean, Leo E. Gulley of Oakton, and Donald M. Kotowicz of Sterling. Giap, who also pleaded guilty to wire fraud and bank fraud charges, is currently

serving a five-year prison term. Gulley and Kotowicz served seven-month terms in prison and were released in July. As a result of the Department's previous antitrust investigation of real estate auction bid rigging in Washington, D.C., 12 individuals and one corporation were convicted.

Joel I. Klein, Acting Assistant Attorney General in charge of the Antitrust Division, said the northern Virginia investigation, which is being conducted by the Division's Litigation I Section with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service's Criminal Investigation Division, is continuing. Stinnett has pledged to cooperate with investigators, Klein said.

The maximum penalty for an individual convicted of a Sherman Act violation committed after November 16, 1990, is three years in jail and a fine of the greater of \$350,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss suffered by the victims of the crime.

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